1998

GREEN MAPLE ENERGY INC.
ANNUAL REPORT 1998

CONTENTS

GREEN MAPLE ENERGY INC. IS ENGAGED IN THE EXPLORATION FOR, AND DEVELOPMENT AND PRODUCTION OF, OIL AND GAS IN WESTERN CANADA.

Notice of Annual General Meeting

The Annual General Meeting of the shareholders of Green Maple Energy Inc. will be held at 10:00 A.M., Tuesday July 6, 1999, at the Bennett Jones Boardroom, 45th floor, 855 - 2nd Street S.W., Calgary, Alberta, Canada. Shareholders and others interested in the affairs of the Company are welcome to attend.

GREEN MAPLE ENERGY INC.

MESSAGE TO SHAREHOLDERS

William Blake wrote: "I must create a System, or be enslav'd by another Man's."

And so, two years ago, Green Maple created a system. We developed a strategy designed to increase our production and cash flow and improve our return on investment. We mapped out a plan for 1998 through to the end of 2001. And we worked that program throughout the past year.

As a result, Green Maple Energy posted a record year in production, revenue and cash flow for 1998. We also maintained a strong Balance Sheet. This performance was in spite of dismal 1998 oil prices; the lowest experienced by the oil industry in many years.

We increased our cash flow by 86 percent: from $298,547 in 1997 to $555,812 in 1998. We had anticipated much higher cash flow numbers for the year, but lower oil prices pushed our goals further out in time.

We also increased our production. We doubled our 1997 volumes, climbing from an average of 140 boed (barrels of oil equivalent a day) to 290 boed, in 1998. Though this increase was substantial, our exit production of 340 boed fell short of the 600 boed goal we had set for the end of 1998.

Green Maple's modest level of activity in 1998 was less than originally anticipated and it reduced our expected increases in production and cash flow. Our performance is directly related to the lack of equity financing and our reluctance to leverage our balance sheet beyond our ability to pay total debt in 12 months.

For these reasons, we concentrated our efforts on developing the exploration projects in our two core areas of Long Coulee and Bittern Lake. These endeavours will come to fruition in late 1999 when our exploration programs will commence.

Though the past year was a challenging one for the entire oil and gas industry, the financial and technical team at Green Maple demonstrated their resolve to help the company continue its ascent. With 1999 looking more active and prosperous; with higher oil prices combining with our drilling activities, we expect to show meaningful growth in revenue and cash flow numbers and to again exceed previous years.

V. Basmadjian

Varoujan Basmadjian
President

April 25, 1999

OPERATIONS

Due to the collapse of the oil price in early 1998, operations during the first half of 1998 consisted of completions of wells drilled in 1997 and early 1998. Operations during the second half of 1998 consisted primarily of the development of new gas prospects and the disposition of minor oil and gas assets with the purpose of focusing operations on certain specific core areas with natural gas potential.

PRODUCTION

During 1998 production increased by 26% from 270 boe to 340 boe of which 58% was natural gas.

At Battrum, Saskatchewan, the Company has a 16.2% working interest in the Battrum North Voluntary Unit #1 and a 12.5% working interest in the well 9C-36. Green Maples' production increased by 12.5% from 80 bopd in September to 90 bopd in December, due to improved field facilities.

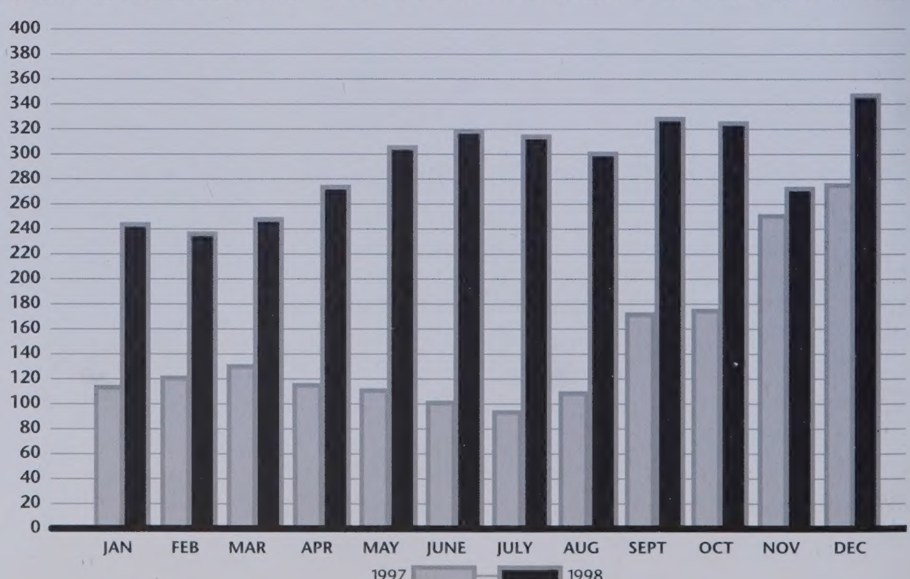
Green Maples' gas production at Morinville declined by 37% to 630 Mcf/d. With a new operator, a second shut-in gas well might go on stream during 1999.

During 1997 Green Maple purchased a working interest in the Long Coulee Sunburst "P". Pool and four Glauconite and Sunburst gas wells.

Profitability of the Sunburst oil production from the "P" Pool was low because of the low oil price and the high operating cost. A new operator, who purchased Crestar's interest in this property, might improve the operating cost and net back per barrel of oil. Gas production at Long Coulee increased by 180% to 390 mcf/d. This production increase is from the well 8-21-16-22W4 which was producing 2.0 Mmcf/d at year end from the Glauconitic Sandstone.

Two gas wells 4-20 and 10-20-16-22W4 are scheduled to go on production during 1999. A third well 13-28-16-22W4 operated by Green Maple, a potential oil and gas well, will be completed during the second half of 1999. Limited pipeline capacity has delayed completion and production of these wells.

GREEN MAPLE ENERGY INC. **TOTAL PRODUCTION BOE/D** 1997 COMPARED TO 1998



During 1998 Green Maple purchased a working interest in the following producing properties:

Berry Creek - The well 13-1-27-12W4 in which Green Maple has a 67.2 % working interest before payout (40.3% working interest after payout) was producing 1.7 Mmcf/d at year end or 1.1 Mmcf/d net to Green Maple. Payout will occur during the first half of 1999.

Trout - The well 1-6-90-3W5 was producing 100 barrels of oil at year end. Green Maple has a 30% working interest in this well or a daily production of 30 barrels of oil.

Pembina - The well 8-8-50-11W5 was producing 35 barrels of oil at year end. Green Maple has a 50% working interest (30% after payout) in this well. An offset well could be drilled with improved oil prices.

Wilson Creek - At Wilson Creek, Green Maple has an interest in two Belly River oil wells. These wells are presently shut-in and will be reworked with improved oil prices.

EXPLORATION

During 1999, Green Maple will focus exploration on the two core areas: Long Coulee and Bittern Lake. Both areas have good gas potential. Acquired seismic has been re-evaluated and additional seismic programs are planned for the third quarter of 1999. It is also anticipated that drilling will commence during the second half of 1999.

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

Revenues were $1,944,124, a 76% increase from $1,107,849 in 1997. Crude oil and NGL revenue for 1998 was $631,524 and natural gas revenue was $1,312,600 compared to crude oil and NGL revenue of $675,356 and natural gas revenue of $432,493 for 1997. The average wellhead prices dropped by $2.40 per boe, or 12%, to $18.10 per boe from $20.50 per boe in 1997.

The increase in gas revenues and production is a direct result of the successful completions of wells in the Long Coulee and Berry Areas. As well, our recompleted well in Morinville had a full year of production in 1998. Oil revenues have remained constant while the price of oil declined in 1998.

Field Netback

Green Maple had a field netback of $8.77 per boe in 1998, compared to $11.35 per boe in 1997. The netback represents the profitability of the Company's production based on the wellhead price after deducting royalties and operating expenses. The lower netback in 1998 is the result of lower oil prices but partially offset by lower royalty expenses and higher operating expenses.

	1998	1997	% Change
Wellhead price	**18.10**	20.50	(12)
Royalties, net of ARTC	**2.76**	4.05	(32)
Production costs	**6.57**	5.10	29
Field netback	**8.77**	11.35	(23)

Royalties and ARTC

Royalty expense, net of ARTC, decreased to 16% of gross revenue in 1998 compared to 20% in 1997. Crown, freehold and overriding royalty expense amounted to $374,351, an increase of 67% from $224,324 incurred in 1997. This increase is primarily the result of higher production.

Alberta Royalty Tax Credit ("ARTC") increased to $78,737 in 1998 from $6,000 in 1997. This can be attributed to higher production volumes from Alberta crown lands.

Operating Expenses

Operating expenses totaled $704,632 in 1998, an increase from $274,848 in 1997, as a result of higher production volumes. On a per unit basis, operating expenses increased 29% to $6.57 per boe in 1998, compared to $5.10 per boe in 1997.

General and Administrative Costs

General and administrative costs decreased to $349,341 in 1998 from $387,321 in 1997, due to cost control. Prudent management of general and administrative costs will continue in 1999. On a per unit basis, general and administrative costs decreased to $3.30 per boe in 1998 from $7.20 per boe in 1997.

Interest Expense

Green Maple incurred $41,978 of interest on long term debt during 1998, compared to nil in 1997. Bank financing was obtained during the year to assist the Company in acquiring producing properties.

Funds from Operations and Net Income

Funds from operations increased to $555,812 in 1998 compared to $298,547 in 1997. The increase in funds from operations and net income is a direct result of higher gas revenues and lower general and administrative costs.

Capital Expenditures

The capital expenditure program for 1998 was $2,156,139 compared to $2,830,349 for 1997. These expenditures included the final stages of our drilling program from 1997 and property acquisitions. Exploration and development expenditures amounted to $328,000 during 1998.

Liquidity and Capital Resources

Green Maple has been able to maintain a positive working capital position.

In 1998, the Company obtained a revolving reducing credit facility of $1.5 million. This facility was used to acquire producing properties during the year.

At December 31, 1998 the amount drawn on this credit facility was $1,125,000. Despite the availability of additional credit, Green Maple plans to base future capital expenditures on cash flow.

Business Risks

Green Maple, a participant in the business of petroleum and natural gas production, is faced with a number of risks and uncertainties, which have the potential to significantly impact operating and financial results. These risks include fluctuations in commodity prices, exchange rates and interest rates as well as the uncertainty of results of capital expenditures and future government regulations. Although many of these risks are beyond the control of management, Green Maple will continue with its emphasis on low risk, value building projects with a tight control over costs in order to maximize returns in whatever environment. Maintaining a highly motivated, committed and talented staff of professionals further mitigates the risk.

Year 2000

Green Maple has undertaken an analysis of the Company's vulnerability to the Year 2000 computer problem. During 1998, computer systems in place at the Company, those used by purchasers of Company production, industry partners with whom Green Maple has joint ventures and suppliers on whom the Company's operations have a significant dependence have been evaluated. In 1999, certain of the Company's accounting and land administration systems will be upgraded to ensure Year 2000 compliance. Based on the Company's analysis to date, Green Maple believes that exposure to the Year 2000 problem is under appropriate control and will be prepared for the change of date to the year 2000.

MANAGEMENT'S REPORT

The accompanying consolidated financial statements of Green Maple Energy Inc. and all information in the Annual Report are the responsibility of management. The financial statements have been prepared in accordance with generally accepted accounting principles in Canada. Where necessary, estimates of transactions that were incomplete at year-end have been made by management. Financial information throughout the Annual Report is consistent with that shown in the financial statements.

Management maintains an appropriate system of internal control to provide reasonable assurance that transactions are appropriately authorized, assets are safeguarded and financial records are properly maintained to provide reliable financial statements.

BDO Dunwoody LLP, the Company's external auditors, have conducted an examination of the financial statements in accordance with generally accepted auditing standards in Canada. Their examination included a review of accounting systems and detailed audit procedures were performed on all material transactions.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and internal control. The Board exercises this responsibility through the Audit Committee of the Board. This Committee meets with management and the external auditors to satisfy itself that management responsibilities are properly discharged and to review the financial statements before they are presented to the Board for approval. The statements have been approved by the Board of Directors on the recommendation of the Audit Committee.

V. Basmadjian

Varoujan Basmadjian
President

Lori Tomczak

Lori Tomczak
Controller

AUDITORS' REPORT

To the Shareholders of
Green Maple Energy Inc.

We have audited the consolidated balance sheets of Green Maple Energy Inc. as at December 31, 1998 and 1997 and the consolidated statements of operations and deficit and changes in financial position for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1998 and 1997 and the results of its operations and the changes in its financial position for the years then ended in accordance with generally accepted accounting principles.

BDO Dunwoody LLP

Chartered Accountants
Calgary, Alberta
April 15, 1999

CONSOLIDATED BALANCE SHEETS

Green Maple Energy Inc.

As at December 31	1998 $	1997 $
Assets		
Current		
Cash and deposits	**6,364**	220,143
Accounts receivable	**363,719**	504,982
Prepaid expenses	**19,332**	16,990
	389,415	742,115
Property, plant, equipment and seismic rights (Note 3)	**5,357,909**	4,881,581
	5,747,324	5,623,696
Liabilities		
Current		
Accounts payable	**281,364**	692,582
Current portion of long term debt (Note 5)	**105,000**	-
	386,364	692,582
Long term debt (Note 5)	**1,020,000**	-
Site restoration costs	**60,188**	52,609
	1,466,552	745,191
Shareholders' Equity		
Share capital (Note 6)	**6,180,563**	6,267,410
Contributed surplus (Note 6 (e))	**24,367**	-
Deficit	**(1,924,158)**	(1,388,905)
	4,280,772	4,878,505
	5,747,324	5,623,696

Approved on behalf of the Board:

Director　　　　　　Director

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

Green Maple Energy Inc.

For the years ended December 31	1998 $	1997 $
Revenue		
Oil and gas sales, net of royalties	**1,648,510**	889,525
Expenses		
Amortization of administrative assets	**13,612**	13,781
Amortization of seismic rights	**306,360**	280,829
Depletion and site restoration	**771,093**	754,800
General and administrative costs	**349,341**	387,321
Interest on long term debt	**41,978**	-
Operating	**704,632**	274,848
	2,187,016	1,711,579
Loss before other items	**(538,506)**	(822,054)
Other		
Interest	**3,253**	71,191
Loss before income taxes	**(535,253)**	(750,863)
Income taxes (recovery)		
Provision for deferred income taxes (Note 4)	-	(27,805)
Net loss for the year	**(535,253)**	(723,058)
Deficit, beginning of year	**(1,388,905)**	(182,485)
Excess of purchase price of oil and gas property acquired over carrying value (Note 7(c))	-	(483,362)
Deficit, end of year	**(1,924,158)**	(1,388,905)
Basic and fully diluted loss per share	**(0.019)**	(0.028)
Weighted average number of shares	**28,174,638**	25,330,264

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN FINANCIAL POSITION

Green Maple Energy Inc.

For the years ended December 31	1998 $	1997 $
Cash provided (used) by		
Operating activities		
Net loss for the year	**(535,253)**	(723,058)
Items not involving cash		
Amortization of administrative assets	**13,612**	13,781
Amortization of seismic rights	**306,360**	280,829
Depletion and site restoration	**771,093**	754,800
Deferred income taxes	**-**	(27,805)
Cash flow from operations	**555,812**	298,547
Changes in non-cash working capital balances		
Accounts receivable	**141,263**	(379,277)
Prepaid expenses	**(2,342)**	(5,687)
Accounts payable	**(411,218)**	572,828
	283,515	486,411
Investing activities		
Purchase of 682998 Alberta Ltd., net of cash (Note 2)	**-**	(1,991,332)
Acquisition and development of property, plant and equipment	**(2,156,139)**	(2,830,349)
Proceeds on disposal of property, plant and equipment	**596,325**	2,336
	(1,559,814)	(4,819,345)
Financing activities		
Proceeds from long term debt	**1,125,000**	-
Issue of share capital, net of share issue costs of $401,087	**-**	4,198,520
Repurchase of shares (Note 6(e))	**(62,480)**	-
	1,062,520	4,198,520
Decrease in cash and equivalents	**(213,779)**	(134,414)
Cash and equivalents, beginning of year	**220,143**	354,557
Cash and equivalents, end of year	**6,364**	220,143
Basic and fully diluted cash flow from operations per share	**0.020**	0.012
Weighted average number of shares	**28,174,638**	25,330,264

The accompanying notes are an integral part of these financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Green Maple Energy Inc.
December 31, 1998 and 1997

1. Significant Accounting Policies

Green Maple Energy Inc. (the "Company") is a public company incorporated under the Business Corporations Act (Alberta) engaged in production, development and exploration of oil and natural gas in Canada. The financial statements of the Company have been prepared by management in accordance with generally accepted accounting principles in Canada. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates. The financial statements have, in management's opinion, been properly prepared using careful judgement with reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

The recoverability of amounts shown for oil and gas properties is dependent upon the discovery of economically recoverable reserves and the ability of the Company to obtain the necessary financing to complete the development and future profitable production of oil and gas properties.

(a) Consolidation

The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary from the date of acquisition.

(b) Property, plant and equipment

The Company follows the full cost method of accounting for oil and gas operations whereby all costs of exploring for and developing oil and gas reserves are initially capitalized. Such costs include land acquisition costs, geological and geophysical expenses, carrying charges on non-producing properties, costs of drilling and overhead charges directly related to acquisition and exploration activities.

Costs capitalized, together with the costs of production equipment, are depleted and amortized on the unit-of-production method based on the estimated gross proved reserves as determined by independent petroleum engineers. Petroleum products and reserves are converted to a common unit of measure, using 10 MCF of natural gas to one barrel of oil.

Costs of acquiring and evaluating unproved properties are initially excluded from depletion calculations. These unevaluated properties are assessed periodically to ascertain whether impairment has occurred. When proved reserves are assigned or the property is considered to be impaired, the cost of the property or the amount of the impairment is added to costs subject to depletion calculations.

Proceeds from a sale of petroleum and natural gas properties are applied against capitalized costs, with no gain or loss recognized, unless such a sale would alter the rate of depletion by more than 20%. Alberta Royalty Tax Credits are included in oil and gas sales.

1. Significant Accounting Policies - Continued

In applying the full cost method, the Company performs a ceiling test on properties which restricts the capitalized costs less accumulated depletion from exceeding an amount equal to the estimated undiscounted value of future net revenues from proved oil and gas reserves, as determined by independent engineers, based on sales prices achievable under existing contracts and posted average reference prices in effect at the end of the year and current costs, and after deducting estimated future general and administrative expenses, production related expenses, financing costs, future site restoration costs and income taxes.

(c) Site restoration costs

Site restoration costs are accrued based on management's best estimate of these future costs calculated on the unit of production basis, utilizing proved producing reserves.

(d) Joint venture accounting

A substantial part of the Company's operations are carried out through joint ventures. These financial statements reflect only the Company's proportionate interest in such activities.

(e) Rights to seismic data

Included in property, plant and equipment is the value of rights to the use of seismic data which is being amortized over 78 months in which the Company may use the data.

(f) Administration assets

Administration assets are recorded at cost. Amortization is provided on a declining balance basis at a rate of 20%.

(g) Financial instruments

The Company carries a number of financial instruments as detailed on the balance sheet. It is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

(h) Measurement uncertainty

The amounts recorded for depletion of petroleum and natural gas properties and equipment and the provision for future site restoration and reclamation are based on estimates. The ceiling test is based on estimates of proved reserves, production rates, oil and gas prices, future costs and other relevant assumptions. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes and estimates in future periods could be significant.

The financial statements include accruals based on the terms of existing joint venture agreements. Due to varying interpretations of the definition of terms in these agreements the accruals made by management in this regard may be significantly different from those determined by the Company's joint venture partners. The effect on the financial statements resulting from such adjustments, if any, will be reflected prospectively.

Green Maple Energy Inc.
December 31, 1998 and 1997

2. Business Combination

Effective January 31,1997 the Company purchased all of the outstanding shares of 682998 Alberta Ltd. ("682998") in exchange for 9,200,000 shares of the Company. 682998's assets comprise of the right to use certain seismic data (the "Rights"). The carrying amount attributable to these Rights was approximately $57,000. Of the 9,200,000 common shares issued, 8,970,113 may not be traded, released, transferred or dealt with in any manner without the consent of the Alberta Stock Exchange. The escrowed securities are to be released at the rate of one share for every $0.435 of future expenditures incurred on the properties to which the seismic data relates. Any shares remaining in escrow on January 31, 2002 will be cancelled within six months.

The transaction included a guarantee by the original shareholders of 682998 Alberta Ltd. to raise a minimum of $1,000,000 through the completion of a private placement of 2.3 million treasury shares of the Company. This resulted in the Company issuing 2.3 million common shares for a net cash consideration of $1,329,000, including $609,000 relating to shares purchased under the guarantee.

This transaction, a related party transaction, has been recorded at the exchange amount, as determined by an independent geophysicist, at $2,000,000 ($3,076,000 value adjusted for $1,076,000 of lost tax shield). The parties are considered related as the companies have certain common shareholders, directors and management.

The consolidated financial statements include the accounts of 682998 Alberta Ltd. at their historical values from the date of the acquisition as follows:

Book value of assets acquired	$ 8,668
Purchase price settled via issue of shares	2,000,000
Purchase price discrepancy	$ (1,991,332)
The excess has been allocated as value of rights to usage of seismic data.	$ 1,991,332

3. Property, Plant, Equipment and Seismic Rights

	Cost	Accumulated Amortization And Depletion	1998 $ Net Book Value	1997 $ Net Book Value
Petroleum and natural gas properties	6,244,486	2,345,167	3,899,319	3,115,951
Rights to usage of seismic data	1,991,332	587,189	1,404,143	1,710,503
Total petroleum and natural gas and related assets	8,235,818	2,932,356	5,303,462	4,826,454
Administration assets	90,198	35,751	54,447	55,127
Total property, plant, equipment and seismic rights	8,326,016	2,968,107	5,357,909	4,881,581

3. Property, Plant, Equipment and Seismic Rights - Continued

Petroleum and natural gas properties include cumulative capitalized general and administrative costs of approximately $127,500 (1997 - $32,000). Costs associated with unproved properties excluded from costs subject to depletion for the year amounted to $429,000 (1997 - $372,500). Depletion of petroleum and natural gas properties includes a write down of $Nil (1997 - $412,115) for properties where the value is considered to be impaired.

4. Income Taxes

The income tax provision on the income statement differs from the expected income tax provision as follows:

	1998	1997
	$	$
Expected income taxes at an effective rate of 44.5%	**(238,188)**	(334,134)
Add (deduct) effects of:		
Amortization of Rights (Note 2)	**135,791**	125,510
Non-deductible crown royalties	**64,945**	75,412
Resource allowance	**(68,310)**	(43,859)
Unrecognized benefits of loss carryovers	**(16,350)**	(11,986)
Unrecognized deferred tax assets	**120,794**	158,519
Other	**1,318**	2,733
	-	(27,805)

At December 31, 1998, the Company had approximately $234,000 (1997 - $253,000) of loss carryover balances which commence expiring in 2003. In addition, the Company has capital cost pools, oil and gas pools and deferred financing cost pools approximating $5,120,000 (1997 - $4,100,000) to deduct against future taxable income.

5. Long Term Debt

	1998	1997
	$	$
Direct revolving reducing bank loan	**1,125,000**	-
Less : Current portion	**(105,000)**	-
	1,020,000	-

During the year the Company has obtained a revolving reducing credit facility of $1.5 million from a Canadian Chartered bank. Interest is charged at the bank's prime rate plus 0.25% per annum. The facility is supported by a general security agreement and a hypothecation of a $2 million demand debenture, creating a first floating charge on all the assets and with a fixed charge on Battrum, Saskatchewan properties. As at the year end, the bank, while reserving its right to demand, does not intend to require repayment of any amount outstanding within the next fiscal year.

Green Maple Energy Inc.
December 31, 1998 and 1997

5. Long Term Debt - Continued

As per the agreement, the facility is to reduce by $160,000 per quarter, commencing April 30, 1999. The scheduled debt repayment is as follows:

1999	$	105,000
2000		480,000
2001		480,000
2002		60,000
	$	1,125,000

6. Share Capital

(a) Authorized
Unlimited number of Common voting shares

(b) Issued

Common shares	1998		1997	
		$		$
	Number of Shares	**Amount**	Number of Shares	Amount
Balance, beginning of year	**28,211,283**	**6,777,507**	14,492,141	2,177,900
Issued for cash	-	-	3,731,642	2,402,732
Upon exercise of share purchase warrants	-	-	787,500	196,875
In exchange for the outstanding shares of 682998 Alberta Ltd. (Note 2)	-	-	9,200,000	2,000,000
Shares redeemed as part of Normal Course Issue Bid	**(361,500)**	**(86,847)**	-	-
	27,849,783	**6,690,660**	28,211,283	6,777,507
Less: share issue costs		**(510,097)**		(510,097)
Balance, end of year		**6,180,563**		6,267,410

There are 8,970,113 (1997 – 8,970,113) shares held in escrow. The escrow agreement resulting from the business combination disclosed in Note 2 provides for the release of one share for every $0.435 of future expenditures incurred on the properties to which the seismic data acquired relates. Any shares remaining in escrow on the fifth anniversary of the escrow agreement (January 31, 2002) will be cancelled within six months. As at December 31, 1998 – 183,454 (1997 – Nil) shares qualify from the above for release as the expenditure conditions were met.

6. Share Capital - Continued

(c) Options
Pursuant to a stock option plan for directors, officers and key employees, the following options are outstanding:

1998 Number	Exercise Price	Date of Expiry	1997 Number
200,000	**$ 0.30**	September 13,1999	400,000
165,000	**$ 0.40**	March 20, 2001	375,000
1,675,000	**$ 0.20**	April 20, 2003	-

No options were exercised in the year (1997 – Nil). During 1998, 200,000 of the $0.30 per share options and 210,000 (1997 – 100,000) of the $0.40 per share options were cancelled.

During the year 1,675,000 options expiring April 20, 2003 at $0.20 were granted.

(d) Warrants
No warrants to purchase common shares were exercised during the year (1997 – 787,500 common shares at $0.25 per share). There were 1,431,642 (1997 – 1,431,642) warrants to acquire common shares at $1.45 per share attached to the 1997 public offering, all of which are outstanding. These warrants have expired subsequent to the year end in January 1999.

(e) Normal Course Issuer Bid
During the year the Company filed a Normal Course Issuer Bid with the Alberta Stock Exchange to acquire up to 1,400,000 of its outstanding shares until June 8, 1999. As at December 31, 1998 a total of 361,500 common shares were repurchased and cancelled for $62,480. Share capital was reduced by $86,847 for the average carrying value of the common shares and the difference of $24,367 was recorded as contributed surplus. Subsequent to year end an additional 151,000 common shares have been repurchased for cancellation for $21,140.

7. Related Party Transactions

(a) Consulting fees of $Nil (1997 - $18,900) were paid to a company controlled by a director of the Company. The director had resigned in 1997.

(b) Companies controlled by former directors of the Company are participants in various oil and gas joint ventures with the Company. These directors had resigned in 1997.

(c) In 1996, the Company signed a joint venture agreement with Pegaz Energy Inc. ("Pegaz") a public company of which a Director of the Company was a significant shareholder, officer and Director. Pursuant to the agreement, Pegaz was to fund the Company with no less than $3,000,000 for exploration and development on Company lands during the initial term (ended December 31, 1997) of the joint venture program. In October 1997, it was determined that the Company was not able to utilize the committed amount during the initial term. The excess funds of $1,405,000 were returned to Pegaz.

Green Maple Energy Inc.
December 31, 1998 and 1997

7. Related Party Transactions - Continued

For the $1,595,000 utilized in joint venture activities, the Company will earn a 15% gross overriding royalty at the current market value of the gross product, on a monthly basis for natural gas and other petroleum substances and on an annual basis for crude oil. The Company will hold a 60% working interest once Pegaz recovers its investment.

Pursuant to a purchase and sale agreement effective November 1, 1997, the Company also acquired a 50% working interest in petroleum and natural gas rights, tangibles and other interests owned by Pegaz for cash consideration of $2,000,000. The transaction has been recorded in these financial statements at the carrying amount of $1,516,638, as recorded in Pegaz's accounts.

During the year under two separate purchase and sale agreements effective April 1, 1998 and December 1, 1998, the Company acquired 50% and 100% working interests respectively in certain petroleum and natural gas rights, tangibles and other interests owned by Pegaz for cash consideration of $1,600,000 and sold 50% working interests in certain petroleum and natural gas rights, tangibles and other interest to Pegaz for cash consideration of $109,897. All these transactions have been recorded in these financial statements at the exchange amounts, as it represents the fair market value of these properties as evaluated by independent engineers.

(d) Included in trade accounts payable is $Nil (1997 - $59,000) for net joint venture accounts payable to a company controlled by a director. Included in accounts receivable is a net amount of $92,000 (1997 - $199,900) receivable from Pegaz. This balance is comprised of $15,000 (1997 - $245,600) for net joint venture accounts receivable, $77,000 (1997 - $15,300) for administrative expenses paid by the Company on Pegaz's behalf, and $Nil (1997 - $61,000) payable to Pegaz for share issue costs incurred on behalf of the Company.

8. Financial Instruments

As disclosed in Note 1(g), the Company holds various forms of financial instruments. The nature of these instruments and the Company's operations expose the Company to interest rate, fair value and industry credit risks. The Company manages its exposure to these risks by operating in a manner that minimizes its exposure to the extent practical.

(a) Interest rate risk management
The Company's short and long-term borrowings are subject to floating rates. The floating rate debt is subject to interest rate cash flow risk, as the required cash flows to service the debt will fluctuate as a result of changes in market rates.

As at December 31, 1998, the increase or decrease in net earnings before taxes for each 1% change in interest rates on floating rate debt amounts to approximately $11,250 per annum. The related disclosure regarding this debt instrument is included in Note 5 of these financial statements.

8. Financial Instruments - Continued

(b) Credit risk

A significant portion of the Company's trade accounts receivable are from working interest partners in the oil and gas industry and, as such the Company is exposed to all the risks associated with that industry.

9. Commitments

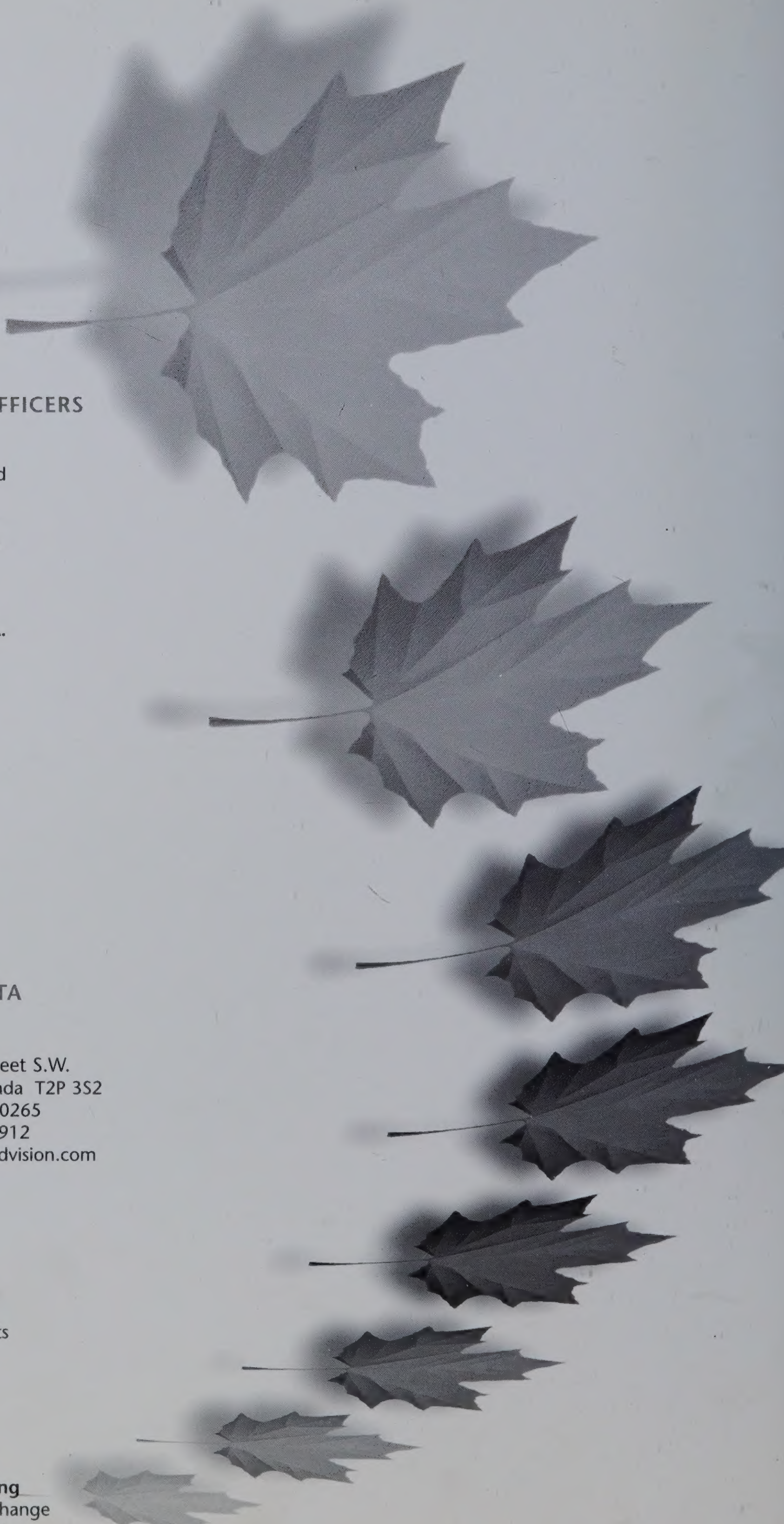
The Company is committed to leased office premises with future base rent payments as follows:

1999	$	27,816
2000		6,954
	$	34,770

The Company is also required to pay their proportionate share of operating costs and tax costs for the premises. The lease expires March 31, 2000.

10. The Year 2000 Issue

The Year 2000 issue arises because many computerized systems use two digits rather than four to identify a year. Date sensitive systems may recognize the year 2000 as 1900 or some other date, resulting in errors when information using the year 2000 dates is processed. In addition, similar problems may arise in some systems which use certain dates in 1999 to represent something other than a date. The effects of the Year 2000 issue may be experienced before, on, or after January 1, 2000, and, if not addressed, the impact on operations and financial reporting may range from minor errors to significant system failure which could affect an entity's ability to conduct normal business operations. It is not possible to be certain that all aspects of the Year 2000 issue affecting the entity, including those related to the efforts of customers, suppliers, or other third parties, will be fully resolved.



DIRECTORS & OFFICERS

Mario F. Ménard
Chairman of the Board
Montreal, Quebec

Varoujan Basmadjian
Director, President
Calgary, Alberta

R. David Kimmit, C.A.
Director
Calgary, Alberta

Aurelio Ferrari
Director
Zurich, Switzerland

R. Vance Milligan
Corporate Secretary
Calgary, Alberta

CORPORATE DATA

Head Office
#1500, 510 - 5th Street S.W.
Calgary, Alberta, Canada T2P 3S2
Telephone (403) 264-0265
Facsimile (403) 262-7912
E-mail: greenmap@cadvision.com

Legal Counsel
Bennett Jones
Calgary, Alberta

Auditors
BDO Dunwoody LLP
Chartered Accountants
Calgary, Alberta

Transfer Agent
Montreal Trust
Calgary, Alberta

Stock Exchange Listing
The Alberta Stock Exchange
Trading Symbol: GMN